



# Compensation & Benefits

8<sup>th</sup> of February, 2014



# Main Agenda

- Main introduction
- Expectations
- Main Objectives of the module
- Main Topics
- Road map
- Methodology
- References
- Rules



# Main Introduction

Compensation & Benefits can be described as the exchange of payment from an employer for the services provided by its employees.

In today's challenging economy, competitive Compensation & Benefit programs are vital to attract, retain and motivate employees.

In many organizations, Compensation & Benefits cost is the largest operating expense  
*(and therefore an extremely important component of the human resources program).*



# Main Introduction (cont.)

It is the main responsibility of HR to manage the impact of the Compensation & Benefits programs on the organization.

Since Compensation & Benefits relies mainly on managing money (*salaries, bonuses, deductions, rewards, overtime ..etc*) it is a must to have the basic understanding of accounting practices.



# Let's Know One Another



- Name:
- Occupation:
- Industry/business sector:
- Years of experience:



# Expectations



?



# Main Objectives

By the end of this module (*8 weeks; 7 sessions + exam*), participants will be able to :

- State the key legislations controlling the compensation & benefits programs
- Develop compensation & benefits programs in alignment with the organization strategic direction
- Evaluate the effectiveness of compensation & benefits programs.



# Main Topics

1. Key compensation legislation
2. Organization's Strategic focus
3. Compensation structure
4. Compensation systems
5. Introduction to benefit programs
6. Non-statutory benefits
7. Evaluating the Compensation & Benefits system





# Road Map

Session 1	<b>Main Introduction</b>
	1. Key Compensation Legislation
Session 2	2. Organization's Strategic Focus
Session 3	3. Compensation Structure
Session 4	4. Compensation Systems
Session 5	5. Introduction to Benefit Programs
Session 6	6. Non-Statutory Benefits
	7. Evaluating the Compensation And Benefits System
Session 7	Revision & Wrap-Up



# Methodology

- Learner centred approach
- Research based learning
- Interactive instructor led classroom training
- Knowledge acquisition techniques:
  - Presentations
  - Assignments
  - Case study
  - Group discussions
  - Knowledge sharing
  - Reading



# Methodology (cont.)

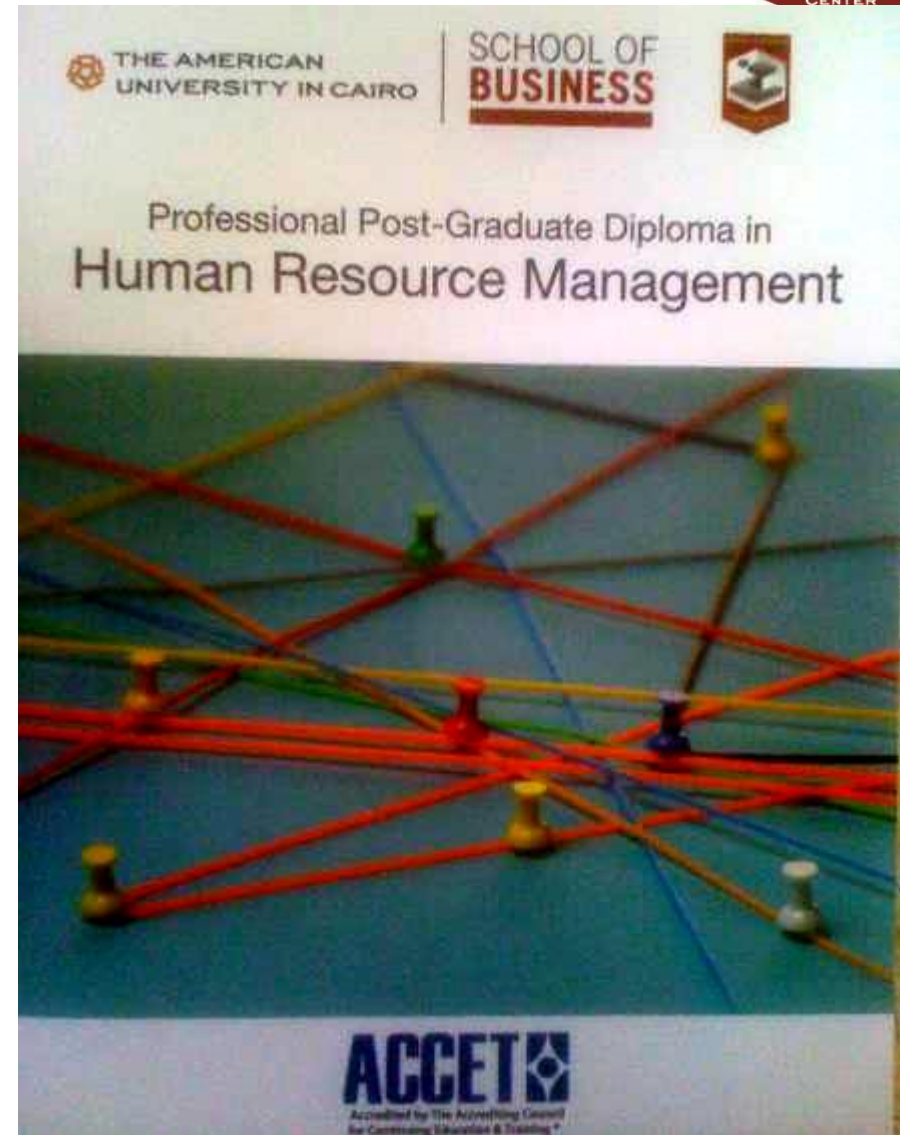
Participants post module evaluation will be:

10%	Participation
10%	Presentation
20%	Assignment
60%	Final exam
<hr/>	
100%	Total

<b>Excellent</b>	<b>A</b>	92% and above
	<b>A -</b>	88% - 91%
<b>V. Good</b>	<b>B+</b>	85% - 87%
	<b>B</b>	80% - 84%
<b>Good</b>	<b>B-</b>	77% - 79%
	<b>C+</b>	75% - 76%
<b>Pass</b>	<b>C</b>	70% - 74%
<b>Fail</b>	<b>F</b>	< 70%



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- SHRM Forms Database, [www.shrm.org/hrtools/forms\\_published](http://www.shrm.org/hrtools/forms_published).
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# Rules

- Don't assume
- A bad question is the one you never asked
- Connect learning to real situations
- Attendance
- Others (*mobile, smoking, breaks, ..etc*)

Note:

*It is highly recommended to read the topics before each session.*



# End of Main Introduction



# Compensation & Benefits

## 1. Key Compensation Legislation



# Road Map

Session 1	Main Introduction <b>1. Key Compensation Legislation</b>
Session 2	2. Organization's Strategic Focus
Session 3	3. Compensation Structure
Session 4	4. Compensation Systems
Session 5	5. Introduction to Benefit Programs
Session 6	6. Non-Statutory Benefits
	7. Evaluating the Compensation And Benefits System
Session 7	Revision & Wrap-Up



# Objectives

By the end of this topic, participants will be able to:

- State the regulations and laws that control the employee compensation & benefits.
- Allocate the sources and updates of the regulations and laws that affect the employee compensation & benefits.



# Topics

## 1. Key Compensation Legislation

### ➔ 1.1 Regulations and Laws

Minimum wages

Social security and public health insurance

Periodic annual increment

Deductions

Overtime

Profit sharing

Leaves

Unemployment insurance

Income tax exemption

### 1.2 References



# 1. Key Compensation Legislation

## 1.1 Regulations and Laws

The government plays a significant role in the management of employee compensation & benefits.

Laws have been enacted to establish minimum wages, to govern overtime, to protect employees from wage discrimination and to determine how compensation is taxed.





# 1. Key Compensation Legislation

## 1.1 Regulations and Laws (cont.)

- Minimum wages
  - The national council for wages sets the minimum wages at the national level.
  - Wages shall be determined according to the individual labor contract, the collective labor agreement or the statute of the establishment
  - Wages based on production or commission, should not be less than the set minimum wage  
*(The average wage of the workers per production, or commission must be calculated on the basis of the average the worker has received for the actual days of work in the previous year.)*



# 1. Key Compensation Legislation

## 1.1 Regulations and Laws (cont.)

- The Social Security/Public Health Insurance
  - Employers and employees must both pay social insurance contributions (*Egyptian employees only* ).
  - Monthly basic salary up to LE 987,5 at 26% and 14% for employer and employee, respectively.
  - Variable pay (*allowances, overtime, incentives*) up to LE 1380 monthly, at 24% and 11% for employer and employee, respectively.



# 1. Key Compensation Legislation

## 1.1 Regulations and Laws (cont.)

- Minimum periodical annual increments
  - Employees are entitled to a periodical annual increment of not less than (7%) of the basic salary on which the social insurance subscriptions are calculated.



# 1. Key Compensation Legislation

## 1.1 Regulations and Laws (cont.)

- Deductions

Deductions have a maximum ceiling of:

- 5 days per month due to disciplinary actions
- 10% per month for loans
- 25% per month in personal affairs prosecution
- 50% per month for in case of alimentary debt



# 1. Key Compensation Legislation

## 1.1 Regulations and Laws (cont.)

- Overtime pay

The minimum overtime premiums are:

- 35 % of normal pay for overtime worked during daylight
- 70 % for that worked at night
- 100 % on rest days
- 200 % on official holidays



# 1. Key Compensation Legislation

## 1.1 Regulations and Laws (cont.)

- Profit sharing
  - Employees of a Joint Stock Company, Limited Liability Company, or Foreign Branch are entitled to a share in the distributable profits.
  - The share is fixed at an amount not less than 10% of distributable profits and not more than the total annual salaries of the employees.
  - Limited Liability Companies with capital less than LE 250,000 are not subject to this distribution of profit share



# 1. Key Compensation Legislation

## 1.1 Regulations and Laws (cont.)

- Leaves
  - Annual leaves:
    - 21 days for those spending 1 full year in service
    - 30 days after completing 10 years of service with one or more employer or over 50 years of age.
    - 7 additional days for workers engaged in hard, dangerous, unpleasant works or remote areas
  - Public holidays
  - Maternity *(twice by law, 3 times based on ministerial decree)*
    - 90 days fully paid + 1 hour breast-feeding for 24 months for females who completed 10 months in service
  - Pilgrimage
    - Up to one month fully paid, one time eligibility after 5 years of service with the same employer



# 1. Key Compensation Legislation

## 1.1 Regulations and Laws (cont.)

### – Sick leaves

- An employee whose sickness is established and determined by the concerned medical responsible is entitled to sick leave, and shall be compensated according to the Social Insurance Law as follows:
  - 1 month fully paid every 3 years, then
  - 8 months 75% of the wage, then
  - 3 month unpaid paid *(close 54)*





# 1. Key Compensation Legislation

## 1.1 Regulations and Laws (cont.)

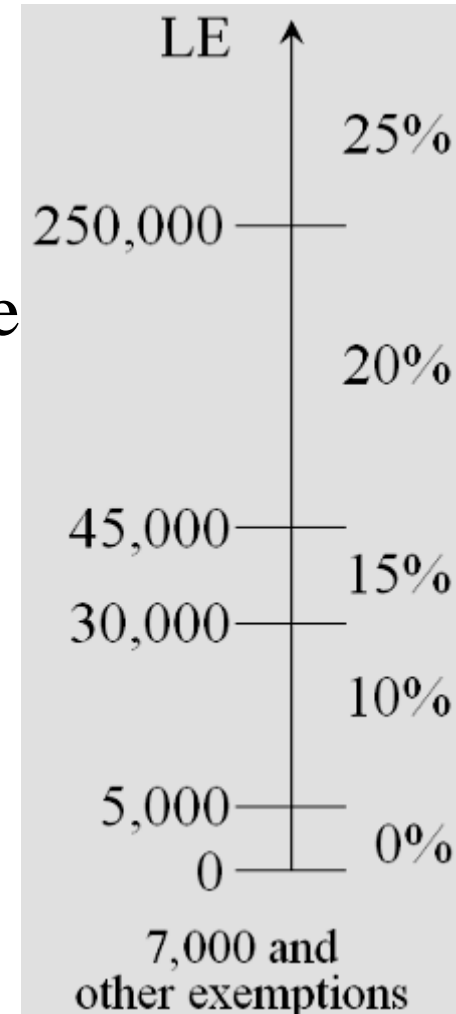
- Unemployment insurance
  - Officially known as the Emergency Subsidy Fund Law No. 156 of 2002, establishes a fund to compensate workers/employees whose wages are suspended due to firm closure or downsizing.
  - The Fund's resources come from a 1 % deduction from the base salaries of the employee in firms with over 30 workers, a government contribution, and other donations.



# 1. Key Compensation Legislation

## 1.1 Regulations and Laws (cont.)

- Income tax exemptions
  - LE 7,000 annual personal exemption
  - Social Insurance contribution
  - Contributions to the private insurance funds (*according to the Private Insurance Funds Law 54/1975*)
  - Life and health insurance premiums
  - Collective allowances (*meals, transportation*)
  - Workers' share in the profits to be distributed
  - All that is obtained by members of diplomatic or consular corporations





# Topics

## 1. Key Compensation Legislation

### 1.1 Regulations and Laws

Minimum wages

Social security and public health insurance

Periodic annual increment

Deductions

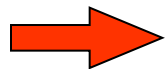
Overtime

Profit sharing

Leaves

Unemployment insurance

Income tax exemption



### 1.2 References



# 1. Key Compensation Legislation

## 1.2 References

### References:

- Egyptian Labor Law 12/2003
- Social Insurance Law
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# Summary

## 1. Key Compensation Legislation

### 1.1 Regulations and Laws

Minimum wages

Social security and public health insurance

Periodic annual increment

Deductions

Overtime

Profit sharing

Leaves

Unemployment insurance

Income tax exemption

### 1.2 References



# Tank You

## End of Session 1



# Compensation and Benefits

## Session 2

### 2. Organization's Strategic Focus



# Road Map

Session 1	Main Introduction
	1. Key Compensation Legislation
Session 2	<b>2. Organization's Strategic Focus</b>
Session 3	3. Compensation Structure
Session 4	4. Compensation Systems
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	7. Evaluating the Compensation And Benefits System
Session 7	Revision & Wrap-Up





# Objectives

By the end of this topic, participants will be able to:

- State the definition of the compensation & benefits system
- State the relation of the compensation & benefits systems with regards to the organization strategic direction



# Topics

## 2. Strategic Focus of the Organization

- ➔ 2.1 Definition of a Compensation & Benefits
- 2.2 Objectives of Compensation & Benefits
- 2.3 Factors Affecting Compensation & Benefits



## 2. Organization's Strategic Focus

### 2.1 Definition of Compensation & Benefits

Compensation & Benefits refers to all forms of financial returns (*cash and non-cash*) that employees receive from their employers.

Its aim is to attract, retain and motivate employees by fulfilling their needs.

People have many needs, some of them can be satisfied directly with money (*basic need for food, cloth, shelter ..etc*), others can only be satisfied indirectly by money (*need for power, self-actualization, achievement...etc*).

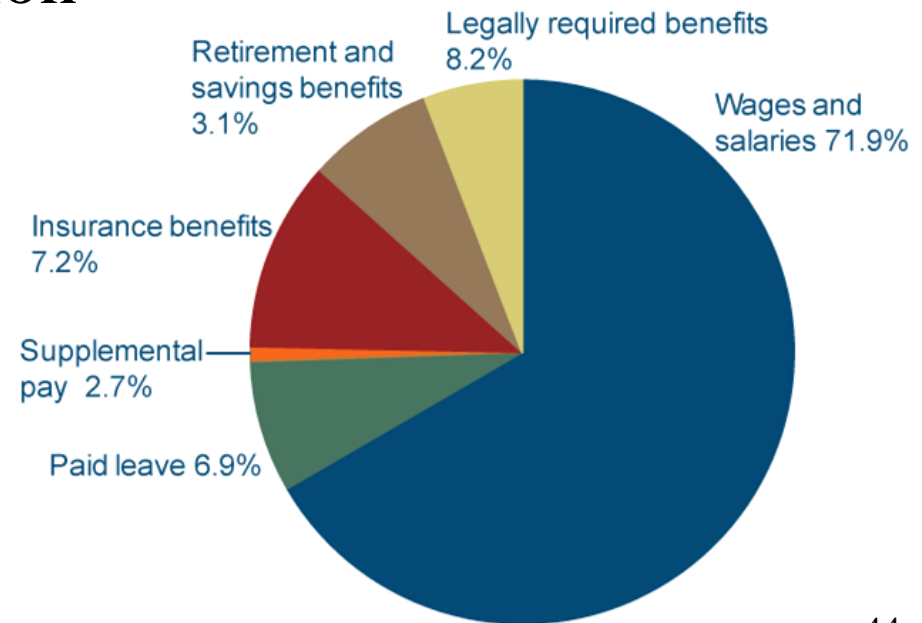


## 2. Organization's Strategic Focus

### 2.1 Definition of Compensation & Benefits (cont.)

Typical compensation & benefits consist of 2 parts:

1. Direct compensation (*pay system*)
2. Indirect compensation (*benefits*)





## 2. Organization's Strategic Focus

### 2.1 Definition of Compensation & Benefits (cont.)

#### **1- Direct Compensation** (*pay system*)

- Salary
- Bonus
- Commission
- Differential pay (*overtime, allowances ..etc*)
- Short and long term incentives
- Recognition and achievement awards (*cash*)
- Others



## 2. Organization's Strategic Focus

### 2.1 Definition of Compensation & Benefits (cont.)

#### **2- Indirect Compensation** (*benefits*)

- Legally mandated benefits
- Medical benefits
- Disability and life insurance
- Retirement programs
- Transportation
- Housing
- Rewards (non-cash)
- Others (*unpaid leave, perquisites ..etc*)



# Topics

## 2. Strategic Focus of the Organization

2.1 Definition of a Compensation & Benefits

➔ 2.2 Objectives of Compensation & Benefits

2.3 Factors Affecting Compensation & Benefits



## 2. Organization's Strategic Focus

### 2.2 Objectives of Compensation & Benefits

The objectives of compensation & benefits programs are to fulfil and support:

1. Organization strategic direction
2. Corporate culture
3. Workforce
4. External equity
5. Internal equity





## 2. Organization's Strategic Focus

### 2.2 Objectives of Compensation & Benefits (cont.)

#### **2.2.1 Organization's Strategic Direction:**

All organizations (*regardless of their type of business, profit margins, size or private or public status*) must have their compensation and benefits support the organization's strategic direction (*mission, vision, values, goals and strategy*)

Large organizations generally have a strategic business plan, the compensation & benefits philosophy is usually an outgrowth of that plan.



## 2. Organization's Strategic Focus

### 2.2 Objectives of Compensation & Benefits (cont.)

In smaller companies with no strategic business plan processes, the HR professional must consider other indicators (*company life cycle, downsizing, expansion, profitability ..etc*)

The HR responsibility is to define a compensation & benefits philosophy (*in alignment with the organization's strategic direction*) to:

- **A**tttract the right people to the right jobs (*salary*)
- **R**etain employees (*benefits*)
- **M**otivate them to perform at higher levels (*incentives, bonuses, profit share, rewards...etc*).



## 2. Organization's Strategic Focus

### 2.2 Objectives of Compensation & Benefits (cont.)

#### **2.2.2 Corporate culture:**

Regardless of the size of the company or its life cycle, the compensation & benefits system must fit into the organization's culture.

Organizations typically take one of two approaches toward employees either

- **Entitlement,**
- or
- **Contribution.**



## 2. Organization's Strategic Focus

### 2.2 Objectives of Compensation & Benefits (cont.)

#### Entitlement oriented culture:

- Fostering a paternalistic, caring feeling and making employees feel as “part of the family”.
- Typically, when developing the compensation & benefits program, less emphasis is put on employees contributions, initiatives and responsibility (*full medical coverage, transportation, free meals ..etc*)



## 2. Organization's Strategic Focus

### 2.2 Objectives of Compensation & Benefits (cont.)

#### Contribution oriented culture:

- Dealing with employees as contributors or partners.
- Typically, when developing the compensation & benefits program, more emphasis is put on employees contributions, initiatives and responsibility (*partial medical coverage, matching pension programs, paid meals. ..etc*)



## 2. Organization's Strategic Focus

### 2.2 Objectives of Compensation & Benefits (cont.)

#### **2.2.3 Workforce:**

The compensation & benefits programs must fit the workforce.

Companies with entry level (*or unskilled workers*) have a very different compensation & benefits package than companies with experienced, highly educated professionals.

To identify employee's preferences, companies conduct surveys to assess their short and long term needs.



## 2. Organization's Strategic Focus

### 2.2 Objectives of Compensation & Benefits (cont.)

#### **2.2.4 External equity**

Organizations must maintain external equity to attract employees.

This involves comparing the organization's packages and practices to those of other organizations that are in the same market and competing for the same employees.

Based upon the market and competition, organizations typically decide to lead, match or lag the market



## 2. Organization's Strategic Focus

### 2.2 Objectives of Compensation & Benefits (cont.)

#### 2.2.5 Internal equity

Organizations must maintain internal equity to retain employees.

Jobs must be fairly compensated; any differences in pay rates must be justified (*job related*).

Employees need to see a basic fairness between what they bring to the company (*education, experience, productivity, knowledge, skills, abilities, efforts ..etc*) and how the company rewards them.





# Topics

## 2. Strategic Focus of the Organization

2.1 Definition of a Compensation & Benefits

2.2 Objectives of Compensation & Benefits

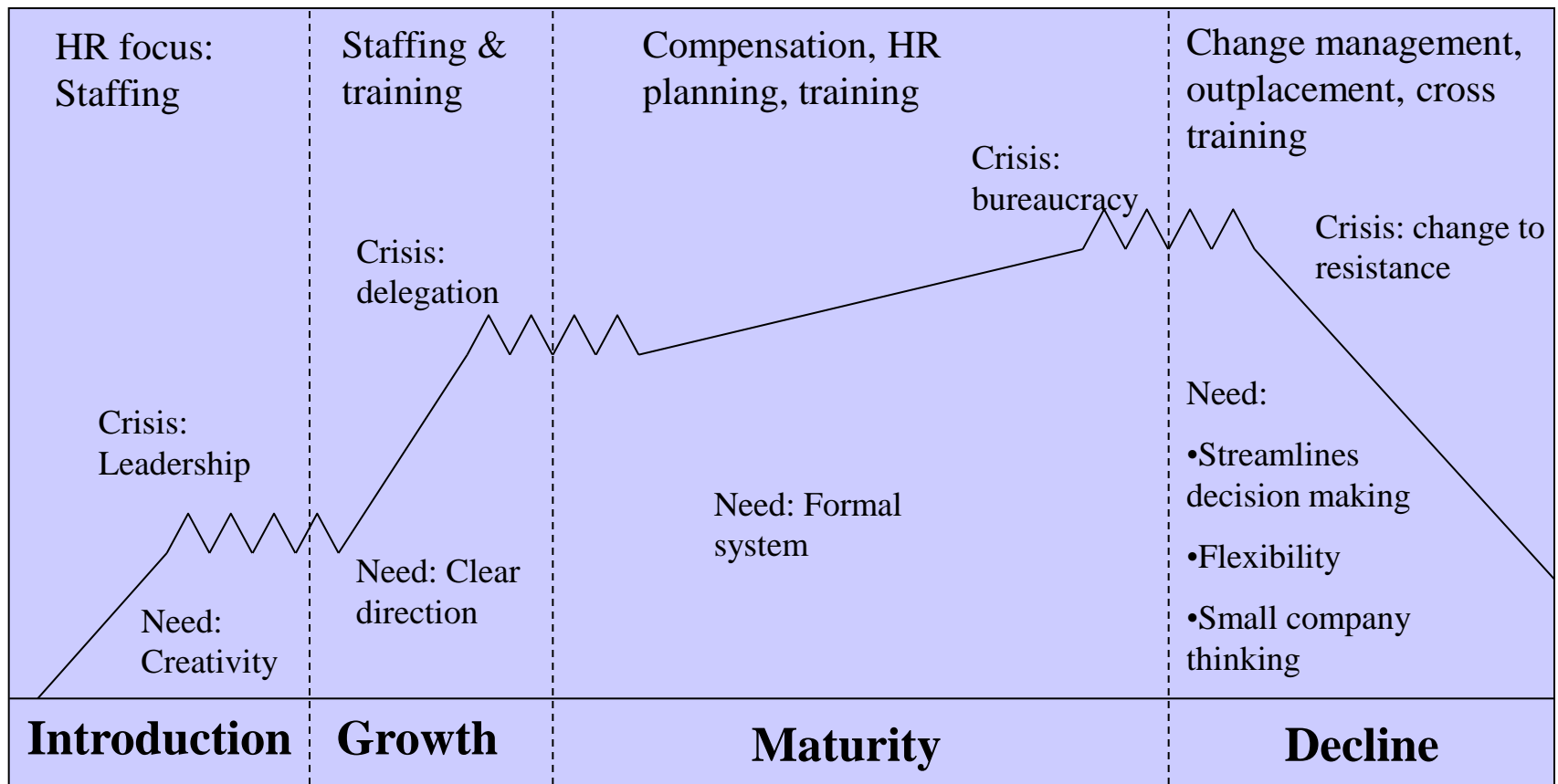
➔ 2.3 Factors Affecting Compensation & Benefits



# 2. Organization's Strategic Focus

## 2.3 Factors Affecting Compensation & Benefits

### 2.3.1 Evolution of the organization:





## 2. Organization's Strategic Focus

### 2.3 Factors Affecting Compensation & Benefits

#### **2.3.2 Employment factors:**

- Attitude toward career
- Occupational and industry shift
- Unemployment trends
- Turnover trends
- Relocation



## 2. Organization's Strategic Focus

### 2.3 Factors Affecting Compensation & Benefits

#### **2.3.3 Strategic orientation:**

- Cost leadership
- Differentiation
- Focus



## 2. Organization's Strategic Focus

### 2.3 Factors Affecting Compensation & Benefits

#### **2.3.4 Demographic factors:**

- Age
- Gender
- Generational differences
- Geographic shifts in population
- Unskilled labor
- Non-traditional labor force



# Summary

## 2. Strategic Focus of the Organization

2.1 Definition of a Compensation & Benefits

2.2 Objectives of Compensation & Benefits

2.3 Factors affecting Compensation & Benefits



# Assignment # 1

Please state your name, group number, SID, occupation, years of experience.

1. Please state the strategic direction of your company and describe how easy it is to attract, retain and motivate employees.
2. Analyze the impact of the compensation & benefits philosophy on business *(if the compensation and benefits programs are supporting the company strategic direction)*
3. Put your recommendations to improve



# Thank You

## End of Session 2





# Compensation & Benefits

## Session 3

### 3. Compensation Structure



# Road Map

Session 1	Main Introduction
	1. Key Compensation Legislation
Session 2	2. Organization's Strategic Focus
Session 3	3. <b>Compensation Structure</b>
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Session 7	Revision & Wrap-Up



# 3. Compensation Structure in a Glance

1

## 1. Job evaluation

Points	Position
750	Finance Manager
554	Employee Relation Manager
443	Senior Engineer
384	Product Manager
320	Senior IT Analyst
275	Sales Representative
230	Technician
195	Secretary
115	Clerk
65	Cleaner



# 3. Compensation Structure in a Glance



2

## 2. Market Salary Survey

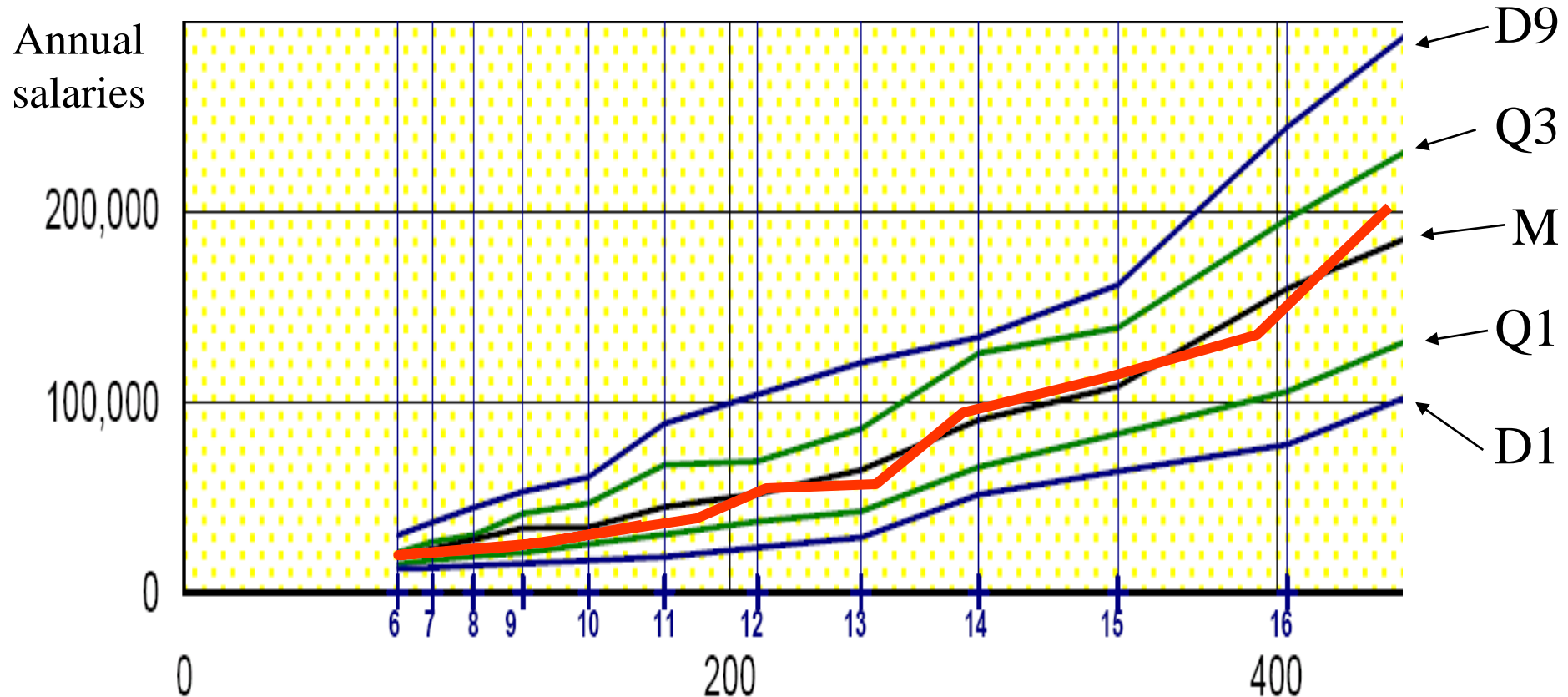
Hay Group Ref. Level	Hay Group Point Range	Mid Point	No. of Orgs	No. of Jobs	D9 (EGP)	Q3 (EGP)	MED (EGP)	Q1 (EGP)	D1 (EGP)	AVG (EGP)
6	73-84	78	7	23	-	-	16,385	-	-	17,903
7	85-97	91	12	121	26,288	23,312	18,264	17,054	13,948	20,362
8	98-113	106	17	50	44,160	35,591	24,861	21,000	17,011	29,853
9	114-134	124	22	143	53,927	43,592	35,656	25,303	20,897	35,744
10	135-160	148	23	126	66,360	56,430	48,000	32,500	24,255	48,271
11	161-191	176	23	151	85,207	78,000	57,804	42,377	32,902	60,920
12	192-227	210	29	336	107,733	85,003	63,352	49,042	35,417	72,364
13	228-268	248	30	413	139,298	118,104	91,044	67,830	49,428	94,981
14	269-313	291	30	485	181,356	148,767	118,239	87,492	69,119	125,790
15	314-370	342	30	333	252,004	200,558	151,945	111,848	89,205	168,515
16	371-438	404	31	351	307,500	246,055	205,164	143,117	110,243	207,292
17	439-518	478	29	228	389,096	329,593	277,584	213,321	161,682	274,691
18	519-613	566	27	244	481,732	412,740	333,932	260,660	205,816	343,986



# 3. Compensation Structure in a Glance

## 3. Data Analysis

3





# 3. Compensation Structure

in a Glance

4

## 4. Pay Structure

Max	Mid Point	Min	Grade (Points) (Pay Points)	Finance & Accounting	Human Resources	Sales	Marketing
70,000	55,000	40,000	21 (880 - 1055)			General Mgr Sales	
50,000	40,000	30,000	20 (735 - 879)	Finance Manager	Head of Human Resources	National Sales Manager	Marketing Manager
36,000	30,000	24,000	19 (614 - 734)	Financial Controller		Regional Sales Manager II	
30,000	25,000	20,000	18 (519 - 613)		Employee Relations Manager	Regional Sales Manager I	Brand Manager
24,000	20,000	16,000	17 (439 - 518)	Fincl Accounts Supervisor	Personnel Manager I		
18,000	15,000	12,000	16 (371 - 438)		Recruitment Mgr Training Mgr Compensation & Benefits Mgr	Area Sales Manager	Product Manager
12,000	10,000	8,000	15 (314 - 370)	Senior Accountant		Snr Sales Rep	Business Develp Officer
6,000	5,000	4,000	14 (269 - 313)	Accountant	Personnel Officer	Sales Rep	
2,250	2,000	1,600	13 (228 - 268)	Graduate Accountant			
1,800	1,500	1,300	12 (192 - 227)			Van Salesman	
1,400	1,200	1,100	11 (161 - 191)	Accounts Clerk Cashier			
1,100	1,000	900	10 (135 - 160)		Personnel Admin. Clerk	Order Proc. Clerk	
900	800	700	9 (114 - 134)	Jnr Accounts Clerk			



# Objectives

By the end of this topic, participants will be able to:

- Select an appropriate job evaluation method that suits the organization
- Decide whether to select internal or external pay survey method
- Analyze survey data
- Develop a grading matrix



# Topics

## 3. Compensation Structure

### ➔ 3.1 Job evaluation

3.1.1 Non-quantitative

3.1.2 Quantitative

### 3.2 Pay surveys

3.2.1 Internal surveys

3.2.2 External surveys

### 3.3 Data Analysis

3.3.1 Frequency distribution and tables

3.3.2 Measures of central tendency

### 3.4 Pay structure

3.4.1 Pay grades

3.4.2 Pay ranges

3.4.3 Broadbanding





# 3. Compensation Structure

## 3.1 Job Evaluation

Job Evaluation is a systematic determination of the relative worth of jobs within an organization *(it is concerned with the value of a job to the organization)*.

Job Evaluations are based on job descriptions and specifications.

There are 2 Job Evaluation methods:

- Non-quantitative
- Quantitative



# 3. Compensation Structure

## 3.1 Job Evaluation (cont.)

### 3.1.1 Non-quantitative job evaluation:

- It involves establishing a hierarchy of jobs from lowest to highest *(based on each job's overall importance to the organization).*
- It evaluates the whole job, rather than parts of it *(and compares one job to another)*
- Quick, inexpensive and suitable for small number of positions. *(However, it may not be clear why one job is valued over another.)*



# 3. Compensation Structure

## 3.1 Job Evaluation (cont.)

### 3.1.2 Quantitative job evaluation:

- Point-factor is the most commonly used method. It involves using compensable factors to evaluate relative job worth.
- **Hay Plan** (*Guide Chart-Profile*) method, is one of the well known examples and it focuses on:
  - Know-How
  - Problem Solving
  - Accountability

# Know-How



**1. Communicate**  
Dealing with others is primarily concerned with requesting and providing information. Courtesy, tact and effectiveness are required.

**2. Reason**  
Interaction with others requires understanding, influencing and supporting people, through applying technical knowledge or rational arguments, aimed at causing action or acceptance by others.

**3. Change behavior**  
Interaction with others is primarily concerned with influencing, developing and motivating people and

Practical Procedures  
Specialized techniques

## Communicating & Influencing Skills →

### ● Practical/Technical Knowledge

**A. BASIC:** Basic numeracy, literacy and knowledge of simple instructions and routines generally acquired through a short explanation.

**B. INTRODUCTORY:** Knowledge of standardized work routines and methods, general facts and information and/or the use of simple equipment, machines and materials. Knowledge is usually acquired through training on the job.

**C. GENERAL/PROCESS/PROCEDURAL:** Knowledge is required for the application of practical methods and techniques, work procedures and processes and/or proficiency in the specialized use of materials equipment and tools. This knowledge is typically acquired through some specialized training.

**D. ADVANCED:** Broad or specialized knowledge of methods, techniques and processes with some knowledge of the basic theoretical background. This knowledge is typically acquired through advanced specialized training or broad practical work experience.

**E. PROFESSIONAL:** Sufficient knowledge in a technical, scientific or specialized field built on an understanding of the theoretical concepts and principles and their context. This knowledge is typically acquired through professional or academic qualification or through extensive practical experience.

**F. SEASONED PROFESSIONAL:** Broad and/or deep knowledge in a field of expertise requiring a command of diverse practices

## Planning, Organizing and Integrating (Manage

**T. Task Focused**  
Performance of a task or tasks which are highly specific as to objective and content with limited awareness of surrounding circumstances and events.

**I. Specific**  
Performance or supervision of multiple activities which are specific as to objective and content. There is a requirement to interact with co-workers and maintain an awareness of related activities.

**II. Related**  
Integration of operations or services which are generally related in nature and objective and where there is a requirement for coordination with associated functions.

**III. Diverse**  
Operative concept of function diverse objectives the achievement overall

	1	2	3	1	2	3	1	2	3	1
	38	43	50	50	57	66	66	76	87	87
	43	50	57	57	66	76	76	87	100	100
	50	57	66	66	76	87	87	100	115	115
	50	57	66	66	76	87	87	100	115	115
	57	66	76	76	87	100	100	115	132	132
	66	76	87	87	100	115	115	132	152	152
	66	76	87	87	100	115	115	132	152	152
	76	87	100	100	115	132	132	152	175	175
	87	100	115	115	132	152	152	175	200	200
	87	100	115	115	132	152	152	175	200	200
	100	115	132	132	152	175	175	200	230	230
	115	132	152	152	175	200	200	230	264	264
	115	132	152	152	175	200	200	230	264	264
	132	152	175	175	200	230	230	264	304	304
	152	175	200	200	230	264	264	304	350	350
	152	175	200	200	230	264	264	304	350	350

# Problem Solving

**Definition:** Problem Solving is the amount and nature of the thinking required in the job in the form of analyzing, reasoning, evaluating, creating, using judgment, forming hypotheses, drawing inferences and arriving at conclusions. Problem Solving deals with the intensity of the mental process which uses Know-How to identify and solve problems.

Problem Solving has two dimensions:

## ■ Thinking Environment – Freedom to Think:

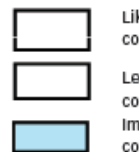
The degree to which thinking is constrained by rules, methods, procedures, precedents, policies, strategy, etc.

## ■ Thinking Challenge:

The complexity of the problems encountered and the extent to which original thinking must be employed to arrive at solutions.

*NB The evaluation of Problem Solving should be made without reference to the job's freedom to make decisions and/or take action: these are measured on the Accountability chart.*

Calculating the Points value for Problem Solving: On the horizontal axis, locate the column that corresponds with the points for Know-How (from the KH chart). On the vertical axis locate the row that corresponds with the Problem Solving percentage (from the PS chart) The number at the intersection of these two coordinates constitutes the points value for Problem Solving.



% PS ↓	Know- How																										
	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700	800	920	1056		
87%	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700	800	920		
76%	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700	800		
66%	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700		
57%	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608		
50%	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528		
43%	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460		
38%	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400		
33%	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350		
29%	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304		
25%	9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264		
22%	8	9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230		
19%	7	8	9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200		
16%	6	7	8	9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175		
14%	5	6	7	8	9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152		

# Accountability

■■■ Magnitude (Area of Impact)																					
		(N) Non-Quantifiable				(1) Very small				(2) Small				(3) Medium				(4) Large			
						10,000 – 100,000*				100,000 – 1 million*				1 million – 10 million*				10 million – 100 million*			
■■ Nature of Impact ➔		I	II	III	IV	R	C	S	P	R	C	S	P	R	C	S	P	R	C	S	P
Freedom to Act  ■	A. CLOSELY CONTROLLED: Operating within direct and detailed instructions with very close and continuous supervision.	8	10	14	19	10	14	19	25	14	19	25	33	19	25	33	43	25	33	43	57
		9	12	16	22	12	16	22	29	16	22	29	38	22	29	38	50	29	38	50	66
		10	14	19	25	14	19	25	33	19	25	33	43	25	33	43	57	33	43	57	76
	B. CONTROLLED: Subject to instructions and established work routines, under close supervision.	12	16	22	29	16	22	29	38	22	29	38	50	29	38	50	66	38	50	66	87
		14	19	25	33	19	25	33	43	25	33	43	57	33	43	57	76	43	57	76	100
		16	22	29	38	22	29	38	50	29	38	50	66	38	50	66	87	50	66	87	115
	C. STANDARDIZED: Operating within standardized practices and procedures, general work instructions and supervision of progress and results.	19	25	33	43	25	33	43	57	33	43	57	76	43	57	76	100	57	76	100	132
		22	29	38	50	29	38	50	66	38	50	66	87	50	66	87	115	66	87	115	152
		25	33	43	57	33	43	57	76	43	57	76	100	57	76	100	132	76	100	132	175
	D. GENERALLY REGULATED: Operating within practices and procedures covered by precedents or well defined policies and review of end results.	29	38	50	66	38	50	66	87	50	66	87	115	66	87	115	152	87	115	152	200
		33	43	57	76	43	57	76	100	57	76	100	132	76	100	132	175	100	132	175	230
		38	50	66	87	50	66	87	115	66	87	115	152	87	115	152	200	115	152	200	264
	E. CLEARLY DIRECTED: Subject to broad practices and procedures covered by functional precedents and policies and managerial direction.	43	57	76	100	57	76	100	132	76	100	132	175	100	132	175	230	132	175	230	304
		50	66	87	115	66	87	115	152	87	115	152	200	115	152	200	264	152	200	264	350
		57	76	100	132	76	100	132	175	100	132	175	230	132	175	230	304	175	230	304	400
	F. GENERALLY DIRECTED: Subject to general direction and broadly defined policy objectives.	66	87	115	152	87	115	152	200	115	152	200	264	152	200	264	350	200	264	350	460
		76	100	132	175	100	132	175	230	132	175	230	304	175	230	304	400	230	304	400	528
		87	115	152	200	115	152	200	264	152	200	264	350	200	264	350	460	264	350	460	608
	G. GUIDED: Subject only to overall guidance on broad organizational objectives and orientation of strategic policy.	100	132	175	230	132	175	230	304	175	230	304	400	230	304	400	528	304	400	528	700
		115	152	200	264	152	200	264	350	200	264	350	460	264	350	460	608	350	460	608	800
		132	175	230	304	175	230	304	400	230	304	400	528	304	400	528	700	400	528	700	920



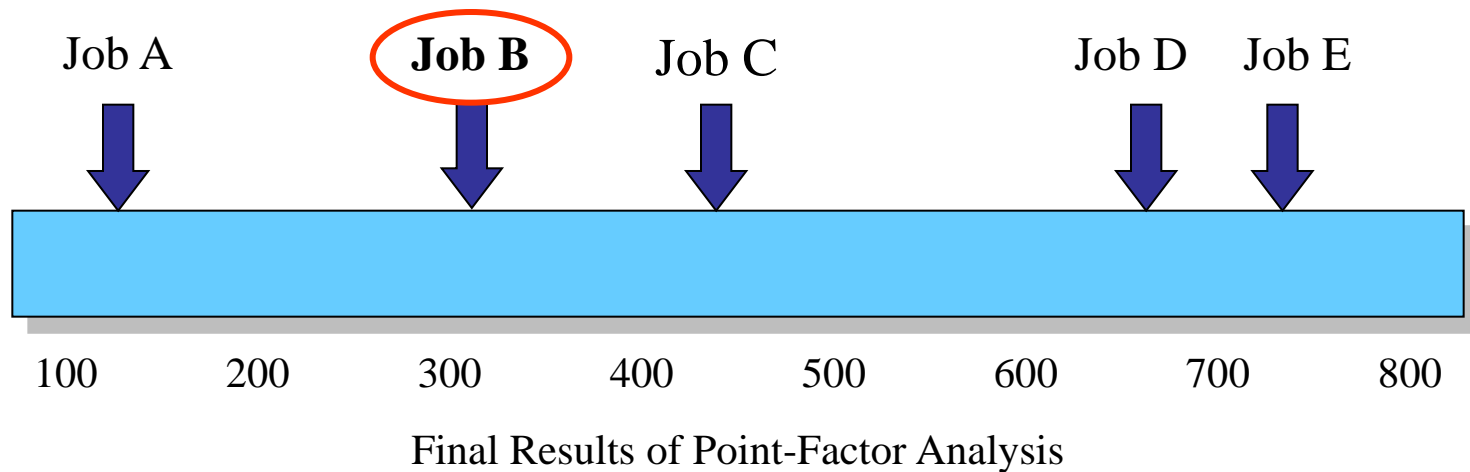


# 3. Compensation Structure

## 3.1 Job Evaluation (cont.)

Know-How + Problem Solving + Accountability

$$200 + 76 + 29 = 305$$





# 3. Compensation Structure

## 3.1 Job Evaluation (cont.)

A complete job evaluation exercise would generate such an output.

This is the first step in creating a compensation & benefits system

Points	Position
750	Finance Manager
554	Employee Relation Manager
443	Senior Engineer
384	Product Manager
320	Senior IT Analyst
275	Sales Representative
230	Technician
195	Secretary
115	Clerk
65	Cleaner





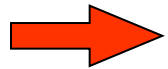
# Topics

## 3. Compensation Structure

### 3.1 Job evaluation

3.1.1 Non-quantitative

3.1.2 Quantitative



### 3.2 Pay surveys

3.2.1 Internal surveys

3.2.2 External surveys

### 3.3 Data Analysis

3.3.1 Frequency distribution and tables

3.3.2 Measures of central tendency

### 3.4 Pay structure

3.4.1 Pay grades

3.4.2 Pay ranges

3.4.3 Broadbanding



# 3. Compensation Structure

## 3.2 Pay Surveys

Pay surveys collect information on prevailing market rates (*salaries, allowances, incentives, bonuses, overtime pay, starting wage rates, base pay, pay range, shift differentials and vacation and holiday practices...etc*).

There are two types of surveys:

1. In-house administered surveys
2. External surveys (*ready made/off the shelf*)



# 3. Compensation Structure

## 3.2 Pay Surveys (cont.)

### 3.2.1 In-house Administered Surveys:

- The advantage of an in-house survey is the ability to tailor the design, administration, data analysis and reporting specifically as needed by the organization.
- On the other hand, it is expensive, it requires resources and expertise availability.



# 3. Compensation Structure

## 3.2 Pay Surveys (cont.)

### 3.2.2 External Surveys: *(ready made/off the shelf)*

- The advantage of an external survey is its availability and low prices.
- It requires no special resources or expertise to control or administer.
- On the other hand, users have no control over the design of the survey.



# 3. Compensation Structure

## 3.2 Pay Surveys (cont.)

Example of a salary survey outcome

2

Hay Group Ref. Level	Hay Group Point Range	Mid Point	No. of Orgs	No. of Jobs	D9 (EGP)	Q3 (EGP)	MED (EGP)	Q1 (EGP)	D1 (EGP)	AVG (EGP)
6	73-84	78	7	23	-	-	16,385	-	-	17,903
7	85-97	91	12	121	26,288	23,312	18,264	17,054	13,948	20,362
8	98-113	106	17	50	44,160	35,591	24,861	21,000	17,011	29,853
9	114-134	124	22	143	53,927	43,592	35,656	25,303	20,897	35,744
10	135-160	148	23	126	66,360	56,430	48,000	32,500	24,255	48,271
11	161-191	176	23	151	85,207	78,000	57,804	42,377	32,902	60,920
12	192-227	210	29	336	107,733	85,003	63,352	49,042	35,417	72,364
13	228-268	248	30	413	139,298	118,104	91,044	67,830	49,428	94,981
14	269-313	291	30	485	181,356	148,767	118,239	87,492	69,119	125,790
15	314-370	342	30	333	252,004	200,558	151,945	111,848	89,205	168,515
16	371-438	404	31	351	307,500	246,055	205,164	143,117	110,243	207,292
17	439-518	478	29	228	389,096	329,593	277,584	213,321	161,682	274,691
18	519-613	566	27	244	481,732	412,740	333,932	260,660	205,816	343,986



# Topics

## 3. Compensation Structure

### 3.1 Job evaluation

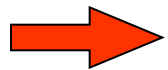
3.1.1 Non-quantitative

3.1.2 Quantitative

### 3.2 Pay surveys

3.2.1 Internal surveys

3.2.2 External surveys



### 3.3 Data Analysis

3.3.1 Frequency distribution and tables

3.3.2 Measures of central tendency

### 3.4 Pay structure

3.4.1 Pay grades

3.4.2 Pay ranges

3.4.3 Broadbanding



# 3. Compensation Structure

## 3.3 Data Analysis

Quantitative analysis can be used to analyze survey data.

The two frequently used means to analyze pay surveys data are:

- Frequency distribution and tables
- Measures of central tendency.



# 3. Compensation Structure

## 3.3 Data Analysis (cont.)

### 3.3.1 Frequency distribution and tables

A frequency distribution is simply a listing of grouped data, from lowest to highest; a frequency table shows the number of incumbents who receive a particular salary.

Company	Salaries in LE	Number of Incumbents
A	55,000	2
B	60,000	1
C	65,000	2
D	70,000	5
E	75,000	1





# 3. Compensation Structure

## 3.3 Data Analysis (cont.)

### 3.3.2 Measures of central tendency

**Average**, median, mode, quartiles and percentiles

	Company	Number of Incumbents	Salaries in LE	Total Salaries
	A	2	55,000	110,000
	B	1	60,000	60,000
	C	2	65,000	130,000
	D	5	70,000	350,000
	E	1	75,000	75,000
Totals:	5 companies	11		725,000

$$\text{average} = 65,909 \text{ LE} \quad (725,000/11 \text{ incumbents})$$



# 3. Compensation Structure

## 3.3 Data Analysis (cont.)

### 3.3.2 Measures of central tendency

Average, median, mode, quartiles and percentiles

Salaries in LE	
55,000	
55,000	
60,000	
65,000	
65,000	
70,000	Median is 70,000LE
70,000	
70,000	
70,000	
70,000	
75,000	

---



# 3. Compensation Structure

## 3.3 Data Analysis (cont.)

### 3.3.2 Measures of central tendency

Average, median, **mode**, quartiles and percentiles

#### Salaries in LE

55,000  
55,000  
60,000  
65,000  
65,000  
70,000  
70,000  
70,000  
70,000  
70,000  
75,000

Mode is  
70,000LE



# 3. Compensation Structure

## 3.3 Data Analysis (cont.)

### 3.3.2 Measures of central tendency

Average, median, mode, quartiles and percentiles

<b>D9</b>	:	The Upper Decile (ninetieth) percentile which divides the top 10% from the remaining 90%.
<b>Q3</b>	:	The Upper Quartile (seventy-fifth) percentile which divides the top 25% from the remaining 75%.
<b>M</b>	:	The Median (fiftieth) percentile which divides the practices into two equal 50% groups, 50% are below and 50% are above.
<b>Q1</b>	:	The Lower Quartile (twenty-fifth) percentile which divides the lowest 25% from the remaining 75%.
<b>D1</b>	:	The Lower Decile (tenth) percentile which divides the bottom 10% from the remaining 90%.

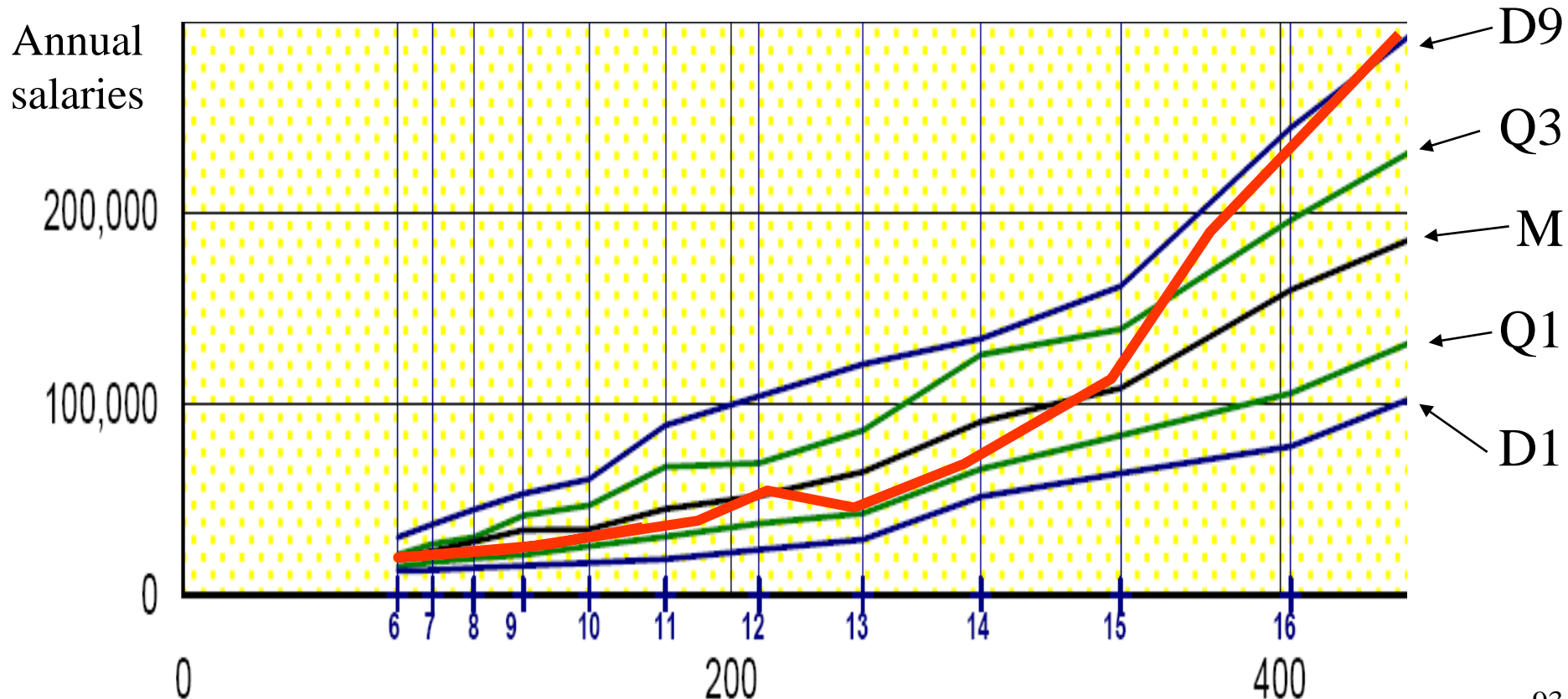


# 3. Compensation Structure

## 3.3 Data Analysis (cont.)

### Example of salary survey analysis

3





# Topics

## 3. Compensation Structure

### 3.1 Job evaluation

3.1.1 Non-quantitative

3.1.2 Quantitative

### 3.2 Pay surveys

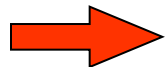
3.2.1 Internal surveys

3.2.2 External surveys

### 3.3 Data Analysis

3.3.1 Frequency distribution and tables

3.3.2 Measures of central tendency



### 3.4 Pay structure

3.4.1 Pay grades

3.4.2 Pay ranges

3.4.3 Broadbanding



# 3. Compensation Structure

## 3.4 Pay Structure

Once survey data is gathered and relative internal job values are established, the pay structure for an organization can be developed.

This involves establishing pay grades (grading matrix) and then calculating pay range.



# 3. Compensation Structure

## 3.4 Pay Structure (cont.)

### **3.4.1 Pay grades (Grading Matrix)**

- Pay grades are used to group jobs that have approximately the same relative internal worth, *(all jobs within a particular grade are paid within the same pay range).*
- By using pay grades, management can develop a coordinates pay system without having to determine a separate pay range for each job family in the organization





# 3. Compensation Structure

## 3.4 Pay Structure (cont.)

Grade (Points)	Finance & Accounting	Human Resources	Sales	Marketing	Information Technology
21 (880 - 1055)			General Mgr Sales		
20 (735 - 879)	Finance Manager	Head of Human Resources	National Sales Manager	Marketing Manager	I T Manager I
19 (614 - 734)	Financial Controller		Regional Sales Manager II		I.T. Manager II
18 (519 - 613)		Employee Relations Manager	Regional Sales Manager I	Brand Manager	
17 (439 - 518)	Fincl Accounts Supervisor	Personnel Manager I			Systems Devt Supervisor
16 (371 - 438)		Recruitment Mgr Training Mgr Compensation & Benefits Mgr	Area Sales Manager	Product Manager	
15 (314 - 370)	Senior Accountant		Snr Sales Rep	Business Develp Officer	Senior Analyst / Prog.
14 (269 - 313)	Accountant	Personnel Officer	Sales Rep		Analyst Prog.



# 3. Compensation Structure

## 3.4 Pay Structure (cont.)

### 3.4.2 Pay ranges

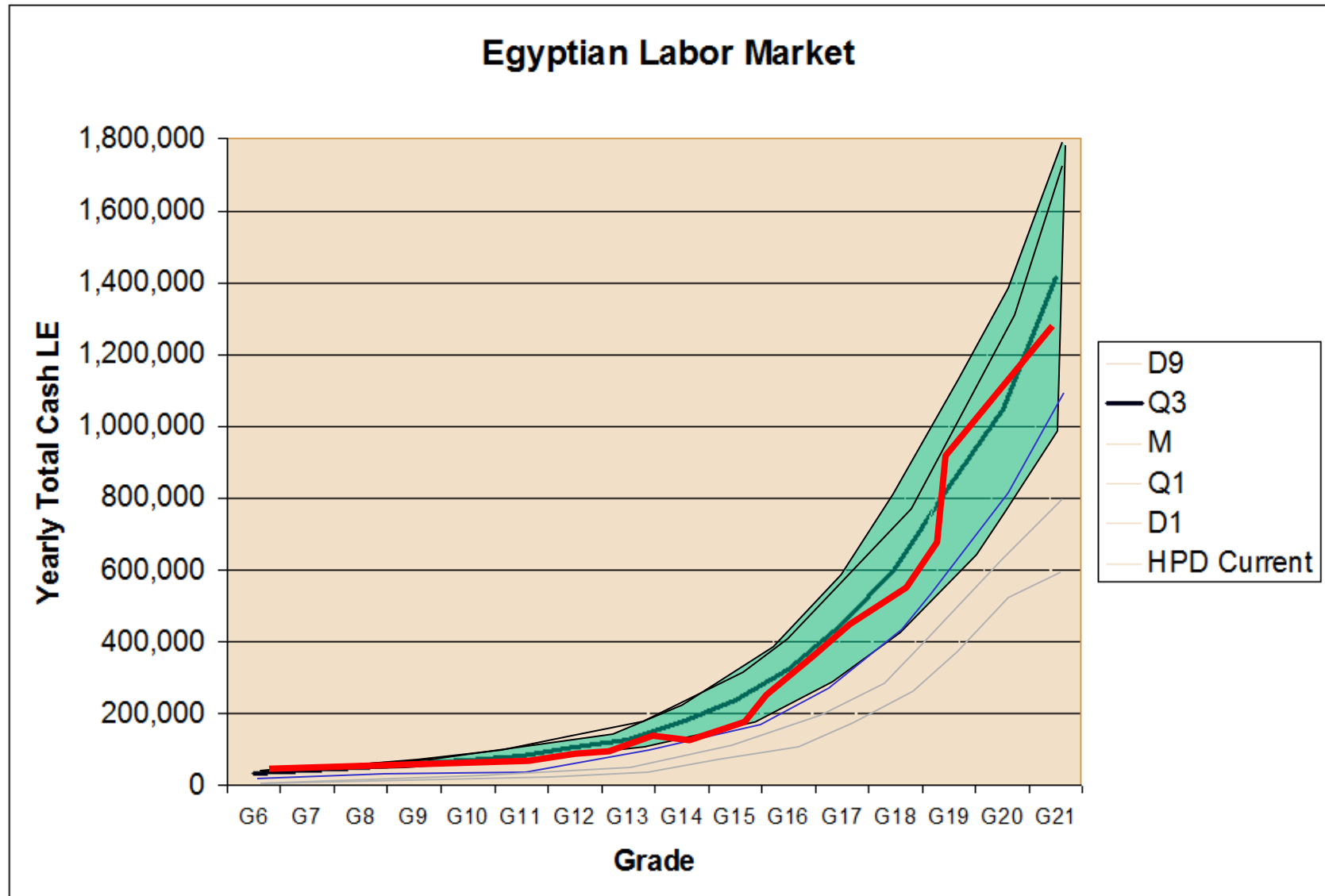
- It sets upper and lower limits of possible compensation for a pay grade.
- $\text{Range} = (\text{Max} - \text{Min}) / \text{Minimum}$
- Typical range spreads are 40% for staff, 50% for management and 60% for executives.
- **Compa-ratios** are indicators used to indicate wages level with respect to company strategy.

Example:      If employee salary is 900LE  
                    Market midpoint is 1000LE  
                    Compa-ratio = 90%.



# 3. Compensation Structure

## 3.4 Pay Structure (cont.)





# 3. Compensation Structure

## 3.4 Pay Structure (cont.)

Grade (Points)	Finance & Accounting	Human Resources	Sales	Marketing
21 (880 - 1055)			General Mgr Sales	
20 (735 - 879)	Finance Manager	Head of Human Resources	National Sales Manager	Marketing Manager
19 (614 - 734)	Financial Controller		Regional Sales Manager II	
18 (519 - 613)		Employee Relations Manager	Regional Sales Manager I	Brand Manager
17 (439 - 518)	Fincl Accounts Supervisor	Personnel Manager I		
16 (371 - 438)		Recruitment Mgr Training Mgr Compensation & Benefits Mgr	Area Sales Manager	Product Manager
15 (314 - 370)	Senior Accountant		Snr Sales Rep	Business Develp Officer
14 (269 - 313)	Accountant	Personnel Officer	Sales Rep	
13 (228 - 268)	Graduate Accountant			

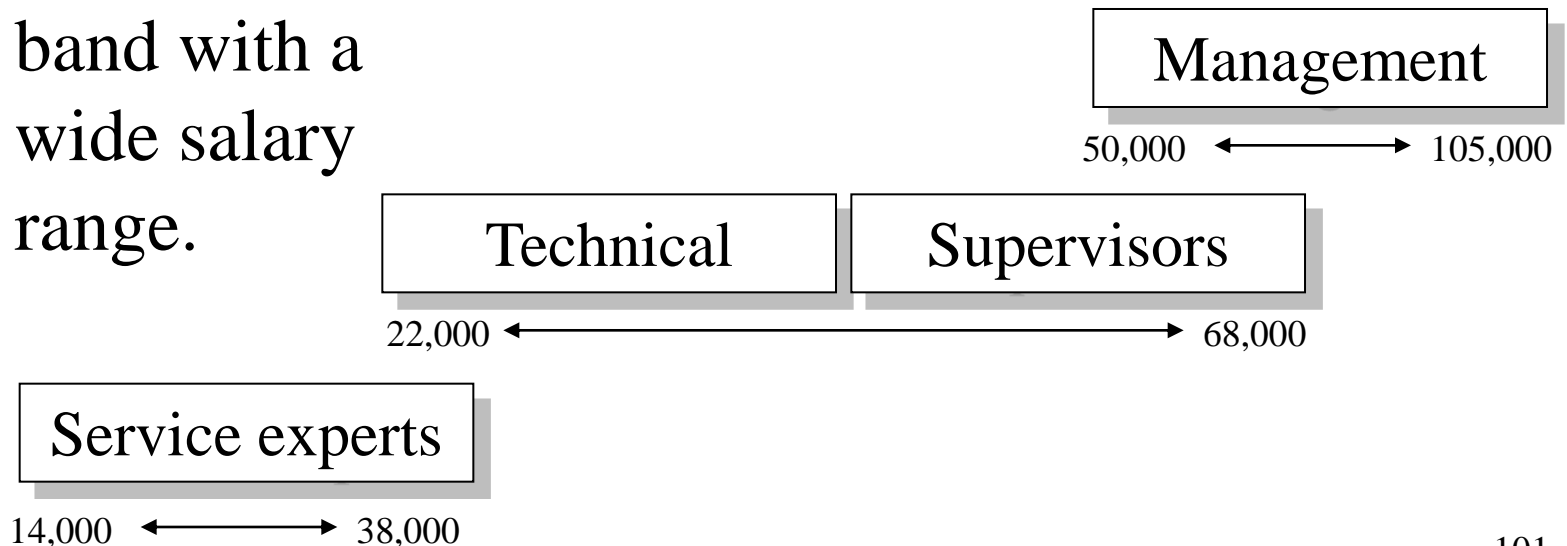


# 3. Compensation Structure

## 3.4 Pay Structure (cont.)

### 3.4.3 Broadbanding

- Flat organizations are usually structured with very few layers (*staff, middle management and top management*).
- Broadbanding is a approach in which several grades are combined into one band with a wide salary range.





# 3. Compensation Structure

## 3.4 Pay Structure (cont.)

Max	Mid Point	Min	Grade (Points)	Finance & Accounting	Human Resources	Sales	Marketing
70,000	—	30,000	Top			General Mgr Sales	
				Finance Manager	Head of Human Resources	National Sales Manager	Marketing Manager
36,000	—	16,000	Mid.	Financial Controller		Regional Sales Manager II	
					Employee Relations Manager	Regional Sales Manager I	Brand Manager
				Fincl Accounts Supervisor	Personnel Manager I		
18,000	—	1,600	Staff		Recruitment Mgr Training Mgr Compensation & Benefits Mgr	Area Sales Manager	Product Manager
				Senior Accountant		Snr Sales Rep	Business Develop Officer
				Accountant	Personnel Officer	Sales Rep	
				Graduate Accountant			



# Summary

## 3. Compensation Structure

### 3.1 Job evaluation

3.1.1 Non-quantitative

3.1.2 Quantitative

### 3.2 Pay surveys

3.2.1 Internal surveys

3.2.2 External surveys

### 3.3 Data Analysis

3.3.1 Frequency distribution and tables

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### 3.4 Pay structure

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3.4.2 Pay ranges

3.4.3 Broadbanding

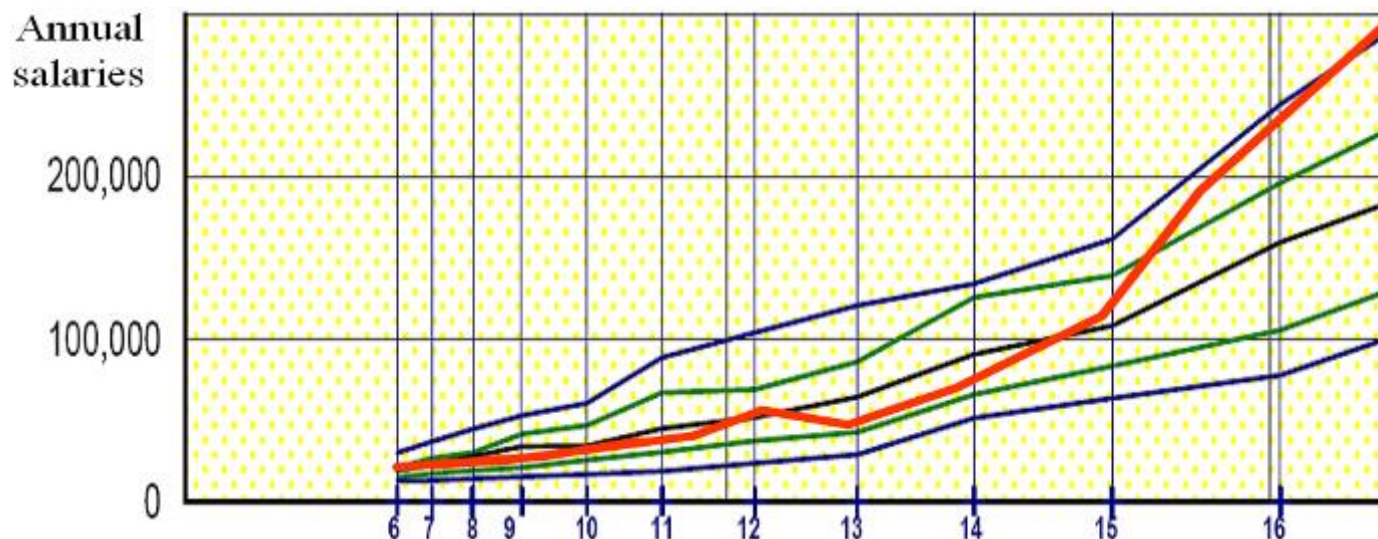




# Summary

Points	Position
750	Finance Manager
554	Employee Relation Manager
443	Senior Engineer
384	Product Manager
320	Senior IT Analyst
275	Sales Representative
230	Technician
195	Secretary
115	Clerk
65	Cleaner

Hay Group Ref. Level	Hay Group Point Range	Mid Point	No. of Orgs	No. of Jobs	D9 (EGP)	Q3 (EGP)	MED (EGP)	Q1 (EGP)	D1 (EGP)	AVG (EGP)
6	73-84	78	7	23	-	-	16,385	-	-	17,903
7	85-97	91	12	121	26,288	23,312	18,264	17,054	13,948	20,362
8	98-113	106	17	50	44,160	35,591	24,861	21,000	17,011	29,853
9	114-134	124	22	143	53,927	43,592	35,656	25,303	20,897	35,744
10	135-160	148	23	126	66,360	56,430	48,000	32,500	24,255	48,271
11	161-191	176	23	151	85,207	78,000	57,804	42,377	32,902	60,920
12	192-227	210	29	336	107,733	85,003	63,352	49,042	35,417	72,364
13	228-268	248	30	413	139,298	118,104	91,044	67,830	49,428	94,981
14	269-313	291	30	485	181,356	148,767	118,239	87,492	69,119	125,790
15	314-370	342	30	333	252,004	200,558	151,945	111,848	89,205	168,515
16	371-438	404	31	351	307,500	246,055	205,164	143,117	110,243	207,292
17	439-518	478	29	228	389,096	329,593	277,584	213,321	161,682	274,691
18	519-613	566	27	244	481,732	412,740	333,932	260,680	205,816	343,986







# Summary

4



Max	Mid Point	Min	Grade (Points) (Hay Points)	Finance & Accounting	Human Resources	Sales	Marketing
70,000	55,000	40,000	21 (880 - 1055)			General Mgr Sales	
50,000	40,000	30,000	20 (735 - 879)	Finance Manager	Head of Human Resources	National Sales Manager	Marketing Manager
36,000	30,000	24,000	19 (614 - 734)	Financial Controller		Regional Sales Manager II	
30,000	25,000	20,000	18 (519 - 613)		Employee Relations Manager	Regional Sales Manager I	Brand Manager
24,000	20,000	16,000	17 (439 - 518)	Fincl Accounts Supervisor	Personnel Manager I		
18,000	15,000	12,000	16 (371 - 438)		Recruitment Mgr Training Mgr Compensation & Benefits Mgr	Area Sales Manager	Product Manager
12,000	10,000	8,000	15 (314 - 370)	Senior Accountant		Snr Sales Rep	Business Develop Officer
6,000	5,000	4,000	14 (269 - 313)	Accountant	Personnel Officer	Sales Rep	
2,250	2,000	1,600	13 (228 - 268)	Graduate Accountant			
1,800	1,500	1,300	12 (192 - 227)			Van Salesman	
1,400	1,200	1,100	11 (161 - 191)	Accounts Clerk Cashier			
1,100	1,000	900	10 (135 - 160)		Personnel Admin. Clerk	Order Proc. Clerk	
900	800	700	9 (114 - 134)	Jnr Accounts Clerk			



# Thank You

## End of Session 3



# Compensation & Benefits

## Session 4

### 4. Compensation Systems



# Road Map

Session 1	Main Introduction
	1. Key Compensation Legislation
Session 2	2. Organization's Strategic Focus
Session 3	3. Compensation Structure
Session 4	<b>4. Compensation Systems</b>
Session 5	5. Introduction to Benefit Programs
Session 6	6. Non-Statutory Benefits
	7. Evaluating the Compensation And Benefits System
Session 7	Revision & Wrap-Up



# Objectives

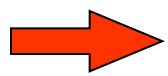
By the end of this topic, participants will be able to:

- State the payroll function responsibilities and boundaries
- Differentiate between various paying plans
- Explain the factors associated with cost control



# Topics

## 4. Compensation Systems



4.1 Payroll function and systems

4.2 Base-pay systems

4.3 Pay variations

4.4 Pay adjustments

4.5 Variable or differential pay

4.6 Incentive pay

4.7 Pay plans for selected employees

4.8 Controlling costs

4.9 Payroll sheet



# 4. Compensation Systems

## 4.1 Payroll Function & Systems

Compensation structure by itself is useless unless translated into employees' salaries.

Payroll system is the process of translating the compensation structure into salaries in the form of a payroll sheet.

Emp Ref	Job Title	Monthly Gross	Monthly basic	Monthly Transportation Allowance	Monthly Mobile Allowance	Special Adj	Incentive	Monthly Representative Allowance	Working Conditions Allowance	Annual On-Target Performance Bonus	Annual Profit Share	Sales Commission
7	Driver	4,710	2,339	300	0			100	100	1,637	234	
73	Administrative Assistant	6,360	3,200	300	0			200	100	2,240	320	
96	Relationship Manager	18,202	9,603	200	17				500	6,722	960	
105	Senior Sales & Recovery Execut	22,354	11,961	200	25				300	8,372	1,196	
131	Public Relations Manager	18,838	10,241	200	0				200	7,169	1,024	
155	Client Relations Executive Tea	24,839	12,605	200	150					8,823	1,260	
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203	Contract Executive	6,564	2,758	1,000	0			500	100	1,931	276	
250	Messenger	4,996	2,359	50	0			500	200	1,651	236	
251	IT Assistant	6,225	2,625	-	100			200		1,838	263	
257	Senior Administrative Assistant	6,260	3,450	50	0					2,415	345	
262	Relationship Officer	13,817	5,676	1,000	200					3,973	568	
281	Senior Sales & Recovery Execut	16,281	6,767	1,500	200					4,737	677	
286	Senior Marketing Executive	18,044	8,024	1,000	200					5,617	802	
291	Senior Business Process Execut	11,381	5,767	1,000	0					4,037	577	
317	Human Resources Supervisor	14,081	6,267	1,500	100					4,387	627	
347	Messenger	3,303	1,835	-	0					1,285	184	
349	IT Assistant	5,467	2,287	50	100					1,601	229	
461	Legal Executive	7,166	3,981	-	0					2,787	398	
462	Security Officer	4,500	2,500	-	0					1,750	250	
507	Planning Engineer	21,000	10,000	3,000	0					7,000	1,000	
510	Urban Planning Engineer	21,300	10,000	2,000	100					7,000	1,000	
517	Accounting Manager	22,600	10,000	2,000	200					7,000	1,000	
566	Senior Administrative Assistant	9,100	4,500	1,000	0					3,150	450	
569	Documents Controller	14,315	6,564	2,500	0					4,595	656	
570	Assistant Project Manager	39,115	18,064	4,000	200					12,645	1,806	



## 4. Compensation Systems

### 4.1 Payroll Function & Systems (cont.)

In addition to the timely and accurate issuance of paychecks, it is the also the responsibility of the payroll function to ensure:

- compliance with the laws
- periodic reporting
- record retention, control and security.





# 4. Compensation Systems

## 4.1 Payroll Function & Systems (cont.)

### Payroll activities include:

- Completing paychecks

*Calculating employee's gross earning, taxes, social security contribution, deductions*

- Record keeping and retention

*Keeping the organization in compliance with its own internal policies and the Country laws.*

- Selecting and using Payroll applications

*Using a computerized payroll systems in order to:*

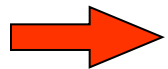
- *Comply with tax laws and regulations*
- *Reduce human error*
- *Provide management with timely accurate reports*
- *Maintain control and security*



# Topics

## 4. Compensation Systems

4.1 Payroll function and systems



4.2 Base-pay systems

4.3 Pay variations

4.4 Pay adjustments

4.5 Variable or differential pay

4.6 Incentive pay

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4.9 Payroll sheet



# 4. Compensation Systems

## 4.2 Base-Pay Systems

Most employees receive a base pay in the form of a fixed monthly salary.

Others may receive their pay in the form of hourly wage, commissions, per production ...etc

The payroll system must be able to handle any type of payments that might be requested to pay employees.



# 4. Compensation Systems

## 4.2 Base-Pay Systems (cont.)

### Base-pay systems:

- **Single / flat-rate** (*same pay regardless of performance/seniority*)
- **Time-based step-rate** (*based on longevity in the job*)
- **Performance-based (merit pay)** (*Increases are tied to performance and the degree to which job mastery is attained*).
- **Productivity-based** (*Pay is determined by employee's output. Ex. Straight piece-rate, differential piece-rate, commission*)
- **Person-based** (*Depends on employee's knowledge, skill and competency. Scientists, production environment, professionals*)



# 4. Compensation Systems

## 4.2 Base-Pay Systems (cont.)

	Advantages	Disadvantages
<b>Single or flat-rate system</b>	<ul style="list-style-type: none"> <li>• Works well for routine, simple jobs.</li> <li>• Implemented and administered simply.</li> </ul>	<ul style="list-style-type: none"> <li>• Does not reflect individual performance or skill differences.</li> </ul>
<b>Time-based step-based system</b>	<ul style="list-style-type: none"> <li>• Best suited to routine jobs where qualifications of job incumbent increase with time.</li> <li>• Enables an organization to reward long-term employment.</li> </ul>	<ul style="list-style-type: none"> <li>• Generally does not reflect the varying rates at which incumbents become proficient.</li> <li>• Does not reflect performance differences, except for unsatisfactory performance.</li> <li>• Can raise average pay levels over time even if performance is below average.</li> </ul>
<b>Performance based / merit pay system</b>	<ul style="list-style-type: none"> <li>• Works best where individual performance is valued and accurately measured.</li> <li>• Rewards and encourages superior performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires good performance appraisal systems.</li> <li>• Can be manipulated by supervisors to benefit certain employees over others.</li> <li>• May discriminate because of subjectivity.</li> </ul>
<b>Productivity based system</b>	<ul style="list-style-type: none"> <li>• Works best where emphasis is on quantity of work and outputs can accurately be measured.</li> <li>• Encourages high level of employee productivity.</li> <li>• Ties pay to values of the work performed.</li> </ul>	<ul style="list-style-type: none"> <li>• May sacrifice quality of work without careful supervision.</li> <li>• May lead to inflexibility in the workplace because employees may want to stay with the job for which they are paid the most.</li> </ul>
<b>Person based system</b>	<ul style="list-style-type: none"> <li>• Works best where skills and knowledge levels are well defined and development of employees is valued.</li> <li>• Encourages a flexible and better-trained workforce.</li> <li>• May reduce the need for specialists.</li> <li>• Allows for the use of work teams that are highly interdependent.</li> <li>• Emphasizes cooperation and teamwork.</li> </ul>	<ul style="list-style-type: none"> <li>• Can be costly in terms of both administration and training.</li> <li>• Generally results in higher pay rates.</li> <li>• Skills and knowledge must be effectively utilized to provide the organization with an offset to the higher pay rates.</li> <li>• May be more difficult to institute cost control.</li> </ul>



# Topics

## 4. Compensation Systems

4.1 Payroll function and systems

4.2 Base-pay systems

➔ 4.3 Pay variations

4.4 Pay adjustments

4.5 Variable or differential pay

4.6 Incentive pay

4.7 Pay plans for selected employees

4.8 Controlling costs

4.9 Payroll sheet



# 4. Compensation Systems

## 4.3 Pay Variations

- Red circle rates  
*(above the range maximum)*
- Green-circle rates  
*(below the range minimum)*
- Pay compression  
*(when there is a small difference between employees regardless of their experience, skills or seniority)*



# Topics

## 4. Compensation Systems

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# 4. Compensation Systems

## 4.4 Pay Adjustments

- **Cost-of-living adjustment (COLA)**

*Given to all employees regardless of their performance or company profitability and is based on the **CPI** (consumer price index).*

- **Seniority**

*Employees receive pay increases automatically after a set time in the job.*

- **Lump-sum increases**

*A one-time payment of a yearly pay increase. Other benefits linked to the base pay are not impacted (overtime, shift premium, sick pay ..etc)*

- **Market based increases**

*Used to be competitive in attracting new talent or to retain current employees.*



# Topics

## 4. Compensation Systems

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## 4. Compensation Systems

### 4.5 Variable or Differential Pay

Variable or differential pay depends upon performance under unusual conditions and is not added to the employee's base pay (*this practice allows organizations to better control their labor costs and to tie performance and pay together*)

There are two ways to differentiate pay:

- **When** the employee works
- **Where** the employee works



## 4. Compensation Systems

### 4.5 Variable or Differential Pay (cont.)

#### Time-based differential pay (**WHEN**)

- Overtime pay
- Shift pay (*less-desirable hours*)
- Emergency-shift pay
- Premium pay (*working on holidays, sixth or seventh day*)
- On-call or call-back pay
- Reporting pay (*employees who arrive for work & no work is available*)
- Travel pay



## 4. Compensation Systems

### 4.5 Variable or Differential Pay (cont.)

#### Geographic differential pay (**WHERE**)

- Living costs allowance (*Upper Egypt vs Cairo*)
- Remote area allowance (*offshore oil platform...etc*)
- Hazard pay (*risky environment storms, rain, floods ..etc*)
- Expat allowance



# Topics

## 4. Compensation Systems

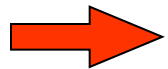
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# 4. Compensation Systems

## 4.6 Incentive Pay

Incentives are designed to motivate employees to perform at higher levels

Types of incentive pay plans:

- Individual incentive plans

*Piece rates, commissions, cash bonuses or recognition programs*

- Group incentive plans

*Group performance incentives*

- Organization-wide incentive plans

*Profit-sharing, performance sharing plans, stock-based plans*



# Topics

## 4. Compensation Systems

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# 4. Compensation Systems

## 4.7 Pay Plans for Selected Employees

Key positions are compensated differently.

- Executives

*Base salary, annual incentives, perquisites, parachutes, long-term incentives*

- Outside directors (board of directors)

*Base pay or retainer, incentives for attending meetings or chairing committee, benefits such as liability and life insurance and or stock option*



# Topics

## 4. Compensation Systems

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→ 4.8 Controlling costs

4.9 Payroll sheet



# 4. Compensation Systems

## 4.8 Controlling Costs

- **Setting ranges**

*Setting the pay ranges of possible compensation for jobs that fall within each pay grade, is one of the most common ways to calculate labor costs. Once ranges are established, the HR can determine if compensation policies are being implemented as intended.*

- **Budgeting**

*A formal budget process helps ensure that future financial expenditures are coordinated and controlled.*

- **Auditing**

*Pay ranges and a budget cannot be effective without ongoing monitoring of the expenditures. Areas requiring attention: administrative process, policy compliance, documentation/record keeping and overall results*



# Topics

## 4. Compensation Systems

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# 4. Compensation Systems

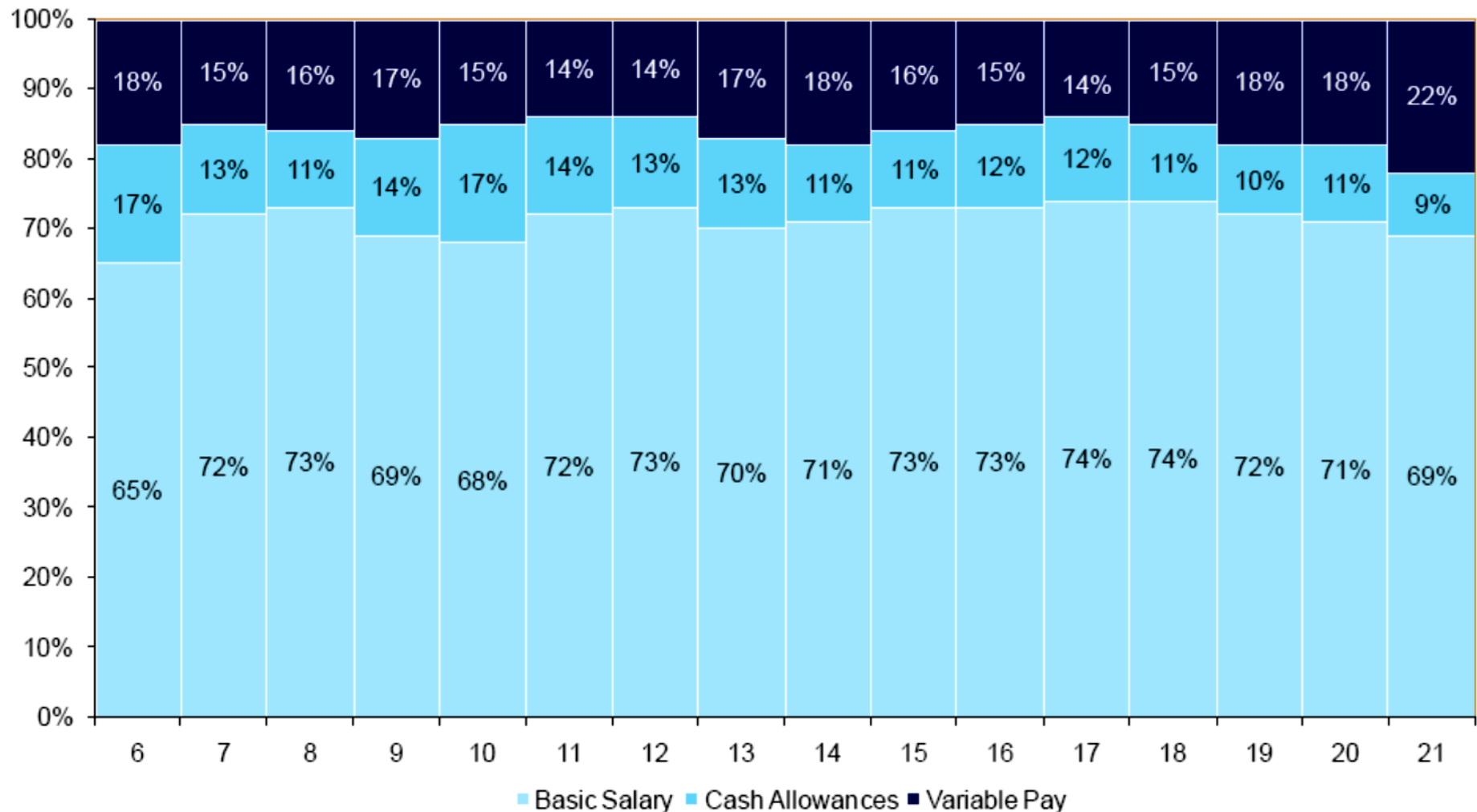
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# 4. Compensation Systems

## 4.9 Payroll Sheet





# Summary

## 4. Compensation Systems

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# Assignment # 2

Please state your name, group number, SID, occupation, years of experience.

1. Please refer to your company and describe how employees are paid on annual basis
2. Theb analyze how the financial packages are motivating employees to work at higher levels
3. Please state your recommendations to improve





# Thank You

## End of session 4



# Compensation & Benefits

## Session 5

### 5. Introduction to Benefit Programs



# Road Map

Session 1	Main Introduction
	1. Key Compensation Legislation
Session 2	2. Organization's Strategic Focus
Session 3	3. Compensation Structure
Session 4	4. Compensation Systems
Session 5	<b>5. Introduction to Benefit Programs</b>
Session 6	6. Non-Statutory Benefits
	7. Evaluating the Compensation And Benefits System
Session 7	Revision & Wrap-Up



# Objectives

By the end of this topic, participants will be able to:

- State the main activities included in the benefit needs assessment.
- List the mandated employee benefits stated by the Egyptian Official Parties.



# Topics

## 5. Introduction to Benefit Programs

### ➔ 5.1 Employee benefit programs

#### 5.2 Benefit needs assessment

5.2.1 Reviewing the organization's strategy

5.2.2 Reviewing the organization's total reward philosophy

5.2.3 Analyzing the demographics of the workforce

5.2.4 Analyzing the design/utilization of benefit plans

5.2.5 Gap analysis

#### 5.3 Government mandated benefits

5.3.1 Social Security and Public Health Insurance

5.3.2 Unemployment insurance

5.3.3 Employment of woman worker



# 5. Introduction to Benefit Programs

## 5.1 Employee Benefits Programs

In addition to direct compensation employers provide employees with indirect compensation, commonly known as benefits

Benefit programs are designed to increase employees retention, to reward continued employment and to promote loyalty.



# 5. Introduction to Benefit Programs

## 5.1 Employee Benefits Programs (cont.)

Employers also gain from benefit programs:

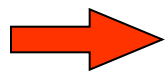
- Promote the company brand name
- Help organizations recruit and retain good employees
- Increase the employee's commitment to the organization, which translates into improved productivity, work quality and competitiveness.
- Provide tax privileges.



# Topics

## 5. Introduction to Benefit Programs

### 5.1 Employee benefit programs



### 5.2 Benefit needs assessment

5.2.1 Reviewing the organization's strategy

5.2.2 Reviewing the organization's total reward philosophy

5.2.3 Analyzing the demographics of the workforce

5.2.4 Analyzing the design/utilization of benefit plans

5.2.5 Gap analysis

### 5.3 Government mandated benefits

5.3.1 Social Security and Public Health Insurance

5.3.2 Unemployment insurance

5.3.3 Employment of woman worker





# 5. Introduction to Benefit Programs

## 5.2 Benefit Needs Assessment

Employee benefits are a significant factor in an organization's total budget.

It is the HR responsibility to develop employee benefits packages.

The end result should be that the benefits provided match the overall business strategies, support the organization's mission & vision and meet employee needs.



# 5. Introduction to Benefit Programs

## 5.2 Benefit Needs Assessment (cont.)

Benefits needs assessment must include the following series of activities:

5.2.1 Reviewing the organization's strategy

5.2.2 Reviewing the organization's compensation & benefits philosophy

5.2.3 Analyzing the demographics of the workforce

5.2.4 Analyzing the design and utilization data on all benefit plans

5.2.5 Gap analysis



# 5. Introduction to Benefit Programs

## 5.2 Benefit Needs Assessment (cont.)

### 5.2.1 Reviewing the organization's strategy

- The organization's strategy with regards to its market has a direct effect on the benefits it offers to employees.
- Organizations that want to lead the market will offer their employees a more extensive benefits packages than the ones offered by organizations that have lagging or matching strategy.



# 5. Introduction to Benefit Programs

## 5.2 Benefit Needs Assessment (cont.)

### 5.2.2 Reviewing the organization's compensation & benefits philosophy

- Compensation & benefits must fit into the organization philosophy.
- Key considerations are how much can be spent on benefits and their actual impact on the organization's cash flow.



# 5. Introduction to Benefit Programs

## 5.2 Benefit Needs Assessment (cont.)

### 5.2.3 Analyzing the demographics of the workforce

- An organization's benefit plans must address the needs of various categories of employees and their dependents on number of scales:
  - Age
  - Gender
  - Marital status
  - Family status



# 5. Introduction to Benefit Programs

## 5.2 Benefit Needs Assessment (cont.)

### 5.2.4 Analyzing the design and utilization data on all benefit plans

- Types of benefits will vary, based upon employee lifestyle.
- Considerations include retirement, medical expenses, insurance and dependant care.
- Utilization data should examine specific plan benefit usage. This would then inform subsequent design changes to a plan.



# 5. Introduction to Benefit Programs

## 5.2 Benefit Needs Assessment (cont.)

### 5.2.5 Gap analysis

- The final step in a benefit needs assessment is to compare the organizational needs, the employee needs and existing set of benefits.
- The HR professional does a gap analysis to identify what the organization's benefits package should and should not include



# Topics

## 5. Introduction to Benefit Programs

### 5.1 Employee benefit programs

### 5.2 Benefit needs assessment

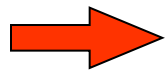
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5.2.4 Analyzing the design/utilization of benefit plans

5.2.5 Gap analysis



### 5.3 Government mandated benefits

5.3.1 Social Security and Public Health Insurance

5.3.2 Unemployment insurance

5.3.3 Employment of woman worker





# 5. Introduction to Benefit Programs

## 5.3 Government Mandated Benefits

### 5.3.1 Social Security/Public Health Insurance

- It is a public program designed to protect individuals & their families from income losses due to sickness, unemployment, old age or death and to improve their welfare through public services (e.g. Medical Care).
- Benefits provided under the social security scheme are pensions, disability payments, sickness payments, maternity, death allowances, and unemployment insurance (*these benefits are not given to non-Egyptians*)



# 5. Introduction to Benefit Programs

## 5.3 Government Mandated Benefits (cont.)

### 5.3.2 Unemployment insurance.

- Officially known as the Emergency Subsidy Fund Law No. 156 of 2002.
- A fund is established to compensate workers and employees whose wages are suspended due to firm closure or downsizing.
- The Fund's resources come from a 1 % deduction from the base salaries of the government sector, public enterprises and private sector employees in firms with over 30 workers, a government contribution, and other donations.



# 5. Introduction to Benefit Programs

## 5.3 Government Mandated Benefits (cont.)

### 5.3.3 Employment of woman workers

An employer engaging 100 or more female workers in the same place shall establish a nursery school or assign to a nursery school caring for the female workers' children according to the conditions and terms determined by decree of the concerned minister.

Labor Law 12/2003, article 96.



# Summary

## 5. Introduction to Benefit Programs

### 5.1 Employee benefit programs

### 5.2 Benefit needs assessment

5.2.1 Reviewing the organization's strategy

5.2.2 Reviewing the organization's total reward philosophy

5.2.3 Analyzing the demographics of the workforce

5.2.4 Analyzing the design/utilization of benefit plans

5.2.5 Gap analysis

### 5.3 Government mandated benefits

5.3.1 Social Security and Public Health Insurance

5.3.2 Unemployment insurance

5.3.3 Employment of female workers



# Thank You

## End of Session 5



# Compensation & Benefits

## Session 6

### 6. Non-Statutory Benefits



# Road Map

Session 1	Main Introduction
	1. Key Compensation Legislation
Session 2	2. Organization's Strategic Focus
Session 3	3. Compensation Structure
Session 4	4. Compensation Systems
Session 5	5. Introduction to Benefit Programs
Session 6	<b>6. Non-Statutory Benefits</b>
	7. Evaluating the Compensation And Benefits System
Session 7	Revision & Wrap-Up



# Introduction

This topic introduces the commonly used and implemented non-statutory benefits in the local Egyptian market.

Despite the fact that no organization can or will be implementing all the introduced benefits, the presented variety definitely can help in designing custom programs suitable for almost all business sectors.





# Objectives

By the end of this topic, participants will be able to:

- List the commonly used non-statutory benefits in local market
- Select the most appropriate non-statutory benefits with regards to the organization philosophy.



# Topics

- Business Travel
- Car Allowance
- Club Membership
- Company Cars
- Company Gym
- Company Loans
- Company Picnics or Social Events
- Compassionate days off
- Education Allowance
- Education assistance to employees
- Fuel allowance for private car usage
- Furniture Allowance (expatriates)
- Gymnasium membership
- Holiday Entitlement in excess to labor law requirements
- Housing
- Iftar Ramadan
- Job status cars (prestige car)
- Kahk El Eid
- Kindergarten
- Legal Retirement Benefits/End of Service Benefits
- Life/Disability Insurance
- Marriage holiday (on top of the leave balance)
- Meal / allowance
- Mobile Allowance
- Mobile phone bill
- Mobile phone handset
- Paternity
- Pension / Retirement Saving Schemes
- Private Health Care
- Relaxation and recreation activities
- Representation Allowance
- Sickness Benefit
- Sporting Events
- Stock option
- Summer Resort Accommodation
- Transport Allowance / Company Transport
- Utilities Allowance
- Vaccination
- Wedding bonus
- Working Conditions Allowance



## 6. Non-Statutory Benefits

- **Business Travel**
- **Car Allowance**
- **Club Membership**
- **Company Cars**
- **Company Gym**
- **Company Loans**
- **Company Picnics or Social Events**
- **Compassionate days off**



## 6. Non-Statutory Benefits (cont.)

- Education assistance to employees
- Flexible working hours
- **Fuel allowance for private car usage**
- Furniture Allowance (expatriates)
- Gymnasium membership
- Holiday Entitlement (*in excess to labor law requirements*)
- Housing
- Iftar Ramadan



## 6. Non-Statutory Benefits (cont.)

- **Job status cars (prestige car)**
- **Kahk El Eid**
- **Kindergarten**
- **Legal Retirement Benefits/End of Service Benefits**
- **Life/Disability Insurance**
- **Marriage holiday** (*on top of the leave balance*)
- **Meal / allowance**
- **Mobile Allowance**



## 6. Non-Statutory Benefits (cont.)

- **Mobile phone bill**
- **Mobile phone handset**
- **Paternity**
- **Pension / Retirement Saving Schemes**
- **Private Health Care**
- **Relaxation and recreation activities**
- **Representation Allowance**
- **Sickness Benefit**



## 6. Non-Statutory Benefits (cont.)

- Sporting Events
- **Stock option**
- Summer Resort Accommodation
- **Transport Allowance / Company Transport**
- Utilities Allowance
- Vaccination
- Wedding bonus
- **Working Conditions Allowance**



## 6. Non-Statutory Benefits (cont.)

- Non-statutory benefit programs should always be developed in alignment with the company culture, structure, budget, strategy, philosophy, mission, vision and values.
- Upon deciding which benefits are to be used, the next step is to combine them with the compensation structure to generate the final compensation and benefits model.





# 6. Non-Statutory Benefits (cont.)

Max	Mid Point	Min	Grade (Points)	Finance & Accounting	Human Resources	Sales	Marketing
70,000	55,000	40,000	21 (880 - 1055)			General Mgr Sales	
50,000	40,000	30,000	20 (735 - 879)	Finance Manager	Head of Human Resources	National Sales Manager	Marketing Manager
36,000	30,000	24,000	19 (614 - 734)	Financial Controller		Regional Sales Manager II	
30,000	25,000	20,000	18 (519 - 613)		Employee Relations Manager	Regional Sales Manager I	Brand Manager
24,000	20,000	16,000	17 (439 - 518)	Fincl Accounts Supervisor	Personnel Manager I		
18,000	15,000	12,000	16 (371 - 438)		Recruitment Mgr Training Mgr Compensation & Benefits Mgr	Area Sales Manager	Product Manager
12,000	10,000	8,000	15 (314 - 370)	Senior Accountant		Snr Sales Rep	Business Develop Officer
6,000	5,000	4,000	14 (269 - 313)	Accountant	Personnel Officer	Sales Rep	
2,250	2,000	1,600	13 (228 - 268)	Graduate Accountant			
1,800	1,500	1,300	12 (192 - 227)			Van Salesman	
1,400	1,200	1,100	11 (161 - 191)	Accounts Clerk Cashier			
1,100	1,000	900	10 (135 - 160)		Personnel Admin. Clerk	Order Proc. Clerk	
900	800	700	9 (114 - 134)	Jnr Accounts Clerk			



# End of Non-Statutory Benefits



# Compensation & Benefits

## 7. Evaluating the Compensation & Benefits System



# Road Map

Session 1	Main Introduction
	1. Key Compensation Legislation
Session 2	2. Organization's Strategic Focus
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Session 4	4. Compensation Systems
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Session 6	6. Non-Statutory Benefits
	<b>7. Evaluating the Compensation And Benefits System</b>
Session 7	Revision & Wrap-Up



# Objectives

By the end of this topic, participants will be able to:

- Define the measures on which compensation & benefits systems could be measured
- Use appropriate communication channels to promote the benefit system
- Describe how the technology will be affecting the HR benefit programs.



# Topics

## 7. Evaluating the Compensation & Benefits System

➔ 7.1 Evaluating the effectiveness of compensation & benefits system

7.2 Communicating with employees

7.2.1 Required communication

7.2.2 Going beyond requirements

7.3 Self-services technologies.



# 7. Evaluating the Compensation & Benefits System

## 7.1 Evaluating the effectiveness of compensation & benefits system

- The ultimate question for every HR professional is : “*How do you know if the organization’s compensation and benefit system is effective?*”
- The answer to this question lies in the goals of the system.



# 7. Evaluating the Compensation & Benefits System (cont.)

The objectives of any organization's compensation & benefit program are to be:

- Compliant with laws
- Compatible with the mission and strategy
- Cost-effective and affordable
- Compliant with the company regulations
- Compatible with the organization culture
- Appropriate for the workforce
- Internally and externally equitable





# 7. Evaluating the Compensation & Benefits System (cont.)

## Compensation & Benefits (Total Rewards) Systems

### Is the system in compliance?

- How easy is it for the organization to meet the governmental requirements?
- Is the system compliant with the internal policies of the organization?

### Is the system compatible with the organization's mission and strategy?

- Does it meet the organization's goals, mission and objectives?
- How well does the system enable the organization to attract and retain employees?
- Does it motivate employees to superior performance?

### Does the system fit the corporate culture?

- If the organization is entitlement-oriented, does the system reward the profitability and success of the company?
- If the organization is contribution-oriented, does the system support individual effort?

### Is the system internally equitable?

- How appropriate is the compensation mix: fixed vs. variable? cash vs. benefits? Retirement vs. health/welfare benefits?
- How well do employees understand the system?
- Do employees perceive the system to be fair and adequate?
- Looking at performance appraisal data, how well does the system encourage and reward superior performance?
- What is the organization's turnover rate?

### Is the system externally competitive?

- How does the total rewards package compare with those of competitors in terms of scope and costs?
- Is the organization leading, lagging or matching others in the market place?
- Is the system enabling the organization to attract and retain qualified employees?
- How wise is the organization investing in its employees? Is each LE spent generating a return on investment in terms of productivity and profitability?



## 7. Evaluating the Compensation & Benefits System (cont.)

- Ongoing monitoring of the compensation and benefits system pays and making appropriate fine tuning results in a more cost-effective system and a more satisfied employees.
- This is translated to fewer complaints and less headaches for the HR function.



# Topics

## 7. Evaluating the Compensation & Benefits System

7.1 Evaluating the effectiveness of compensation & benefits system

➔ 7.2 Communicating with employees

7.2.1 Required communication

7.2.2 Going beyond requirements

7.3 Self-services technologies.



# 7. Evaluating the Compensation & Benefits System

## 7.2 Communicating with employees

- One of the key purposes of a compensation & benefits system is to attract, retain and motivate employees.
- Even the best compensation package will fail in this task if employees do not understand it.
- The keystone to a successful benefit program is employee communication.
- Communication takes 2 forms – required & voluntary.



# 7. Evaluating the Compensation & Benefits System (cont.)

## 7.2.1 Required communication

- Posting of all legally required laws
- Explaining the mandatory implemented benefits
- Notifying any changes or continuation of mandatory benefits



# 7. Evaluating the Compensation & Benefits System (cont.)

## 7.2.2 Voluntary communication

- Communicate the organization's compensation philosophy, internal policies, procedures and practices.
- Distribute employee handbooks and benefit manuals
- Describe complaints procedures
- Answer employee's questions related to compensation and benefits through memos, news letters or any other formal channels.



# 7. Evaluating the Compensation & Benefits System (cont.)

## 7.2.2 Voluntary communication (cont.)

- Specifying the % of any salary increase attributed to merit
- Communicate how performance appraisals and merit pay systems are administered
- HR must meet with employees to communicate compensation & benefit issues.



# Topics

## 7. Evaluating the Compensation & Benefits System

7.1 Evaluating the effectiveness of compensation & benefits system

7.2 Communicating with employees

7.2.1 Required communication

7.2.2 Going beyond requirements

➔ 7.3 Self-services technologies.





# 7. Evaluating the Compensation & Benefits System

## 7.3 Self-services technologies.

Organizations are increasingly using technology to deliver HR services to the workforce.

The continually evolving technologies reflect on employee benefits self-service applications.

More organizations are paying employees electronically and post pay statements and benefit summaries online or via any other e-channels.



# 7. Evaluating the Compensation & Benefits System

## 7.3 Self-services technologies (cont.)

Intranet and web-based employee self-service applications offer several benefits including:

- Reduced administrative work for HR
- Increased accuracy of employee data
- Improved timelines in information and employee transactions
- Reduced money spent on other traditional HR delivery channels (*paper transactions*)



# Summary

## 7. Evaluating the Compensation & Benefits System

7.1 Evaluating the effectiveness of strategies and programs

7.2 Communicating with employees

7.2.1 Required communication

7.2.2 Going beyond requirements

7.3 Self-services technologies.



# Assignment # 3

Please state your name, group number, SID, occupation, years of experience.

1. Please refer to your company and state the benefits provided to employees
2. Please analyze how the provided benefits are affecting employees' loyalty and retention.
3. Please state your recommendations to improve



# Thank You

## End of Session 6



# Compensation & Benefits

## Session 7

### Revision & Wrap-Up



# Thank You

End of  
Compensation & Benefits